

Message Text

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ORIGIN IO-11

INFO OCT-01 EUR-12 ISO-00 EB-07 AID-05 L-03 CIAE-00 INR-07

NSAE-00 INRE-00 SSO-00 NSCE-00 SS-15 NSC-05 COME-00

LAB-04 SIL-01 TRSE-00 AF-06 ARA-06 EA-07 NEA-10 /100 R

DRAFTED BY IO/CMD:DWFIGGINS:GAS

APPROVED BY IO/CMD:PDWYMAN

IO/CMD:DNFORMAN (DRAFT)

EB/CSB/OSB:JLNESVIG (DRAFT)

PPC/IA(AID):MLSCHUWEILER(NOTED)

IO/MLA:JWASHBURN (DRAFT)

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O P 270009Z PEB 76

FM SECSTATE WASHDC

TO AMEMBASSY VIENNA IMMEDIATE

INFO USMISSION USUN NEW YORK PRIORITY

C O N F I D E N T I A L STATE 047224

E.O. 11652: GDS

TAGS: PFOR, PORG, UNIDO, EIND, EAID

SUBJECT: CONSULTATIONS IN SELECTED GROUP B CAPITALS IN
PREPARATION FOR COW II

REF: (A) VIENNA 584, (B) STATE 36311

VIENNA FOR UNIDO MISSION

USUN FOR ROSENSTOCK

1. SUMMARY: THE FOLLOWING MESSAGE IS A PRELIMINARY DRAFT
OF A MESSAGE TO BE SENT TO AMEMBASSIES BONN, CANBERRA,
LONDON, OTTAWA, AND TOKYO. IT HAS NOT BEEN THOROUGHLY
CLEARED WITHIN THE DEPARTMENT. IT IS NOT USG POLICY.
SUGGESTIONS ARE REQUESTED BY MARCH 1 FROM R/UNIDO AND USUN.

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2. EMBASSY IS REQUESTED TO APPROACH FOREIGN OFFICE AT APPROPRIATELY HIGH LEVEL TO MAKE FOLLOWING POINTS WITH OFFICER RESPONSIBLE FOR FORMULATING OR APPROVING INSTRUCTIONS FOR GOVERNMENT DELEGATION TO THE SECOND SESSION OF THE INTERGOVERNMENTAL COMMITTEE OF THE WHOLE (COW II) ON A CONSTITUTION FOR AN INDUSTRIAL DEVELOPMENT SPECIALIZED AGENCY. COW II IS SCHEDULED FOR MARCH 22 - APRIL 3 IN VIENNA, THE HEADQUARTERS OF THE PRESENT UN INDUSTRIAL DEVELOPMENT ORGANIZATION. EMBOFF SHOULD

POINT OUT THE OTHER CAPITALS AT WHICH THIS SAME APPROACH IS BEING MADE.

3. POINT 1: THE U.S. GOVERNMENT TAKES SERIOUSLY THE OPPORTUNITY AND NECESSITY TO CONSCIOUSLY DECIDE WHETHER TO JOIN OR NOT TO JOIN A NEW SPECIALIZED AGENCY FOR INDUSTRIAL DEVELOPMENT.

4. POINT 2: IN THE PROCESS OF WEIGHING THE BENEFITS AND COSTS OF ENTERING THE SPECIALIZED AGENCY OR OF STAYING OUT, THE U.S. GOVERNMENT WILL LOOK FIRST AT THE TEXT OF THE CONSTITUTION.

5. POINT 3: IF THE PROVISIONS OF THE GROUP OF 77 DRAFT TEXT WHICH CAME OUT OF THE COW I MEETING DEALING WITH ASSESSED CONTRIBUTIONS ARE RETAINED IN A FINAL NEGOTIATED TEXT, THE EXECUTIVE BRANCH WILL NOT RECOMMEND RATIFICATION OF THE TREATY. THESE PROVISIONS ARE FOUND IN G-77 ARTICLES 12, 13, AND 15 (QUOTED BELOW).

6. POINT 4: OTHER PROVISIONS OF THE G-77 DRAFT TEXT, WHILE NOT PRECLUDING U.S. MEMBERSHIP, WOULD SERIOUSLY DISCOURAGE IT. SUCH PROVISIONS HAVE BEEN THE SUBJECT OF GROUP B (DEVELOPED COUNTRIES) CONSULTATIONS IN VIENNA AND WILL NOT BE RAISED AT THIS TIME.

7. POINT 5: TWO BASIC PREREQUISITE PROVISIONS ON WHICH THE U.S. WILL INSIST EVEN IF THEY PRODUCE COLLISION WITH G-77 ARE 1) THAT, AS IS NOW THE CASE IN UNIDO, ASSESSED CONTRIBUTIONS SHALL NOT BE USED FOR TECHNICAL ASSISTANCE ACTIVITIES FOR THE BENEFIT OF PARTICULAR COUNTRIES, AND CONFIDENTIAL

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2) THAT DECISIONS ON BUDGET LEVELS FINANCED BY ASSESSED CONTRIBUTIONS SHALL BE MADE BY VOTING PROCEDURES WHICH FAVOR NATIONS WHICH MAKE LARGER CONTRIBUTIONS. THESE PROVISIONS ARE FOUND IN GROUP B ARTICLES 10 BIS, 11, 12, AND 13 (QUOTED BELOW).

8. POINT 6: THE G-77 TEXT CONTRADICTS THE FIRST

PREREQUISITE FOR U.S. MEMBERSHIP DIRECTLY IN G-77
ARTICLE 15: "IN ORDER TO...MEET PROMPTLY AND FLEXIBLY
THE NEEDS OF DEVELOPING COUNTRIES, THERE SHALL BE
ESTABLISHED AN INDUSTRIAL DEVELOPMENT FUND WHICH WILL
BE FINANCED THROUGH ASSESSED AND VOLUNTARY CONTRIBU-
TIONS;- DIRECTLY IN G-77 ARTICLE 13: "EXPENDITURES,
IN SO FAR AS NOT COVERED BY UNRESTRICTED VOLUNTARY
CONTRIBUTIONS OR OTHER INCOME, SHALL BE BORNE BY THE
MEMBERS, AS APPORTIONED IN ACCORDANCE WITH RESPECTIVE
SCALES OF ASSESSMENTS...." AND BY CLEAR IMPLICATION

IN G-77 ARTICLE 12, PARA 4: "THE BUDGET SHALL RELATE
TO ALL EXPENDITURES TO BE FINANCED FROM ASSESSED AND
FROM UNRESTRICTED VOLUNTARY CONTRIBUTIONS AS WELL AS
FROM OTHER INCOME."

9. POINT 7: A SATISFACTORY CONSTITUTIONAL PROVISION
ON ASSESSED CONTRIBUTIONS, WHICH IS THE FIRST PREREQUISITE
OF U.S. MEMBERSHIP IS FOUND IN A MODIFIED GROUP B
ARTICLE 10 BIS."(A) EXPENSES FOR ADMINISTRATIVE AND
RESEARCH ACTIVITIES. THESE SHALL INCLUDE EXPENSES OF
STAFF OTHER THAN STAFF ENGAGED IN THE DIRECT SUPPORT
OF OPERATIONAL ACTIVITIES; COSTS OF MEETINGS, INCLUDING
TECHNICAL MEETINGS PROVIDED FOR IN THE PROGRAM OF WORK
OF THE ORGANIZATION, RESEARCH ACTIVITIES; AND OTHER

GENERAL HEADQUARTER'S EXPENSES. (B) EXPENSES FOR
OPERATIONAL ACTIVITIES. THESE SHALL INCLUDE ALL
ACTIVITIES OTHER THAN THOSE PROVIDED FOR IN SUB-PARA
(A) ABOVE. 2) EXPENSES FOR ADMINISTRATIVE AND RESEARCH
ACTIVITIES SHALL BE BORNE BY THE REGULAR BUDGET OF THE
ORGANIZATION. 3) THE REGULAR BUDGET SHALL BE
RESTRICTED TO THOSE EXPENDITURES SPECIFIED IN PARAGRAPH
1(A) OF THIS ARTICLE. 4) EXPENSES FOR OPERATIONAL
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ACTIVITIES SHALL BE MET FROM THE VOLUNTARY CONTRIBUTIONS
UNDER ARTICLE 13 AND FROM OTHER INCOME."

10. POINT 8: THE U.S. POSITION ON ASSESSMENTS WAS
ESTABLISHED IN UN GENERAL ASSEMBLY RESOLUTION 2152 (XXI)
WHICH FOUNDED UNIDO. THE SAME PRINCIPLE IS APPLIED
IN THE IAEA BY ITS CONSTITUTION. THE US HAS NO FALL
BACK POSITION HERE. THERE IS NO OTHER PROVISION WHICH
COULD ADEQUATELY SUBSTITUTE FOR THAT DEFINED IN G.A.
RES. 2152 (XXI) OR GROUP B ARTICLE 10 BIS.
FURTHERMORE, CARE WILL BE REQUIRED IN
THE PROCESS OF NEGOTIATING ANY ALTERNATIVE WORDING IN
ORDER TO AVOID ERODING THE PRINCIPLE THROUGH SOME
ELASTIC DEFINITION OF OVERHEAD COSTS.

11. POINT 9: THE SECOND PREREQUISITE FOR U.S. MEMBERSHIP IS DESCRIBED IN GROUP B ARTICLES 11 AND 12 USING DEFINITIONS IN ARTICLE 10 BIS. GROUP B ARTICLE 11, PARAGRAPH 3 STATES, "THE CONFERENCE SHALL...APPROVE... THE REGULAR BUDGET...BY A TWO-THIRDS MAJORITY, AS WELL AS THE AFFIRMATIVE VOTE OF MEMBERS THAT ARE TO CONTRIBUTE TO THE REGULAR BUDGET OF THE ORGANIZATION AT LEAST ONE-HALF OF THE RESOURCES TO BE ASSESSED ON MEMBER STATES...." GROUP B ARTICLE 12, STATES, "REGULAR BUDGET EXPENDITURES SHALL BE BORNE BY THE MEMBERS...WITH

SCALES OF ASSESSMENT ADOPTED BY THE CONFERENCE BY A TWO-THIRDS MAJORITY AND THE AFFIRMATIVE VOTE OF MEMBERS THAT HAVE CONTRIBUTED TO THE REGULAR BUDGET AT LEAST ONE-HALF OF THE RESOURCES DURING THE PRECEDING FINANCIAL PERIOD."

12. POINT 10: THE U.S. RECOGNIZES THE STRENGTH AND UNITY OF G-77 OPPOSITION TO "WEIGHTED VOTING" AS DESCRIBED IN THE SECRETARIAT DRAFT. THIS OPPOSITION IS CLEAR BOTH IN THE G-77 TEXT WHICH ELIMINATES THE CONCEPT AND ESPECIALLY FROM STRONG STATEMENTS BY G-77 MEMBERS AT COW I. THE U.S. WILL THEREFORE BE WILLING, IF ABSOLUTELY NECESSARY AT COW II OR COW III, TO SUPPORT OTHER METHODS OF CALCULATING "SPECIALLY QUALIFIED MAJORITIES" OR THE ALTERNATIVE OF A CAREFUL

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DEFINITION OF THE COMPOSITION AND POWERS OF IDB IN ARTICLES 8 AND 11 AS WORKED OUT BY ALL OR PART OF GROUP B DURING OR AFTER COW II. WEIGHTED VOTING OF MULTILATERAL ORGANIZATIONS IS NOW USED IN INTERNATIONAL FINANCIAL INSTITUTIONS AND IS UNDER NEGOTIATION FOR IFAD.

13. POINT 11: THE G-77 MAY WELL NOT CREDIT INITIAL US INSISTENCE THAT THESE TWO POINTS ARE PREREQUISITES FOR US MEMBERSHIP IN UNIDO AS A SPECIALIZED AGENCY. WE MUST ACCORDINGLY BE CAREFUL THAT THIS DISBELIEF DOES NOT LEAD TO AN INVOLUNTARY EXCLUSION OF THE US FROM UNIDO WHICH NEITHER WE NOR THE G-77 DESIRE. THE U.S. PURPOSE IS TO NEGOTIATE A CONSTITUTION WHICH WILL NOT PRECLUDE U.S. MEMBERSHIP.

14. POINT 12: WE BELIEVE THAT THIS PURPOSE IS MORE LIKELY TO BE ACHIEVED IF A CORE OF GROUP B COUNTRIES STAND FIRM TO THE END AND MOVE AS MUCH IN CONCERT AS POSSIBLE. THE U.S., THEREFORE, HOPES 1) YOUR GOVERNMENT WILL SEND YOUR DELEGATION TO COW II WITH INSTRUCTIONS WHICH ESPOUSE THE PRINCIPLES OF POINT FIVE ABOVE IN THE

STRONGEST POSSIBLE TERMS, I.E., IN TERMS OF BEING
NECESSARY CONDITIONS FOR NATIONAL MEMBERSHIP AND
2) THAT OUR DELEGATIONS MAY NEGOTIATE IN CONSULTATION
AS ENVISIONED IN POINTS 8 AND 10.

5. POINT 13: IF GROUP B SOLIDARITY CAN BE STRENGTHENED
BEHIND THE GROUP B TEXT, THE U.S. WILL MOVE FROM
PREVIOUS POSITIONS WHICH WERE MORE PROTECTIVE OF U.S.
INTERESTS TO THE GROUP B TEXT ON ARTICLES 11 AND 20.
UNTIL NOW, THE U.S. HAS SUPPORTED IN ARTICLE 11 PARA-
GRAPH 3, "THE AFFIRMATIVE ROLE OF MEMBERS THAT CONTRIBUTE

TO THE REGULAR BUDGET OF THE ORGANIZATION AT LEAST 2/3
OF THE RESOURCES TO BE ASSESSED" AND "ASSESSED CONTRI-
BUTIONS WHICH WILL HAVE BEEN PAID IN THE PRIOR
FINANCIAL PERIOD." UNTIL NOW THE U.S. HAS SUPPORTED
IN ARTICLE 20 "AMENDMENTS....SHALL TAKE EFFECT ON
ACCEPTANCE BY 3/4 OF THE MEMBERS" BUT THE U.S. NOW
WILL ACCEPT THE GROUP B POSITION OF 2/3.

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16. POINT 14: EMBASSY WOULD APPRECIATE BEING INFORMED
OF INSTRUCTIONS TO DELEGATION IN THIS REGARD FROM
FONOFF PRIOR TO OPENING OF COW II ON MARCH 22.

17. FOR BONN: CONTACT SHOULD BE EBERHARD KURTH WHO
ATTENDED COW I IN VIENNA IN JANUARY.

18. FOR TOKYO: ACKNOWLEDGE THAT ALTERNATIVE OF
CAREFULLY DEFINED IDB COMPOSITION AND POWERS WAS
SUGGESTED BY JAPANESE GOVERNMENT IN JANUARY 29
GROUP B MEETING IN VIENNA AND OFFER U.S. CONSULTATIONS
AND SUPPORT FOR JAPANESE INITIATIVE IN THIS REGARD
AT COW II OR COW III.

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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